Public Board Meeting	**25 May 2022**
	Item 15
THIS PAPER IS FOR NOTING	
AUDIT COMMITTEE MINUTES OF 19 JANUARY 2022 AND VERBAL REPORT OF 20 APRIL 2022	

Lead Director Author	Carol Sinclair, Chair of Audit Committee -
Action required	The Board is asked to note the minutes and verbal report.
Key points	In compliance with the Service's Standing Orders, the approved Committee minutes are submitted to the Board for information and consideration of any recommendations that have been made by the Committee. The minutes of the Audit Committee held on 19 January 2022 were approved by the Committee on 20 April 2022. A verbal update of the meeting held on 20 April 2022 will be provided by the Chair of the Committee.
Timing	A verbal update of the most recent Committee meeting will be provided to the Board. Minutes are presented following approval by the Committee.

MINUTES OF AUDIT COMMITTEE MEETING

10.00 A.M. ON WEDNESDAY 19 JANUARY 2022

VIRTUAL, MICROSOFT TEAMS

Present: Carol Sinclair, Non-Executive Director (Chair) *(present until 11:30)*
Stuart Currie, Non-Executive Director (Chair from 11:30)
John McGuigan, Non-Executive Director
Irene Oldfather, Non-Executive Director
Madeline Smith, Non-Executive Director

In Attendance:

John Baker, General Manager ICT *(for Items 8.2 and 16.1 only)*
Katy Barclay, Head of Business Intelligence
Melanie Barnes, Assistant Director of Finance
Paul Bassett, Chief Operating Officer
Rebecca Board, Risk Manager
Karen Brogan, Associate Director of Strategy, Planning and Programmes
Joanne Brown, Grant Thornton
Julie Carter, Director of Finance, Logistics and Strategy
Frances Dodd, Director of Care Quality and Professional Development
Pippa Hamilton, Committee Secretariat – Minutes
Pauline Howie, Chief Executive
Robert Kay, Head of ICT Infrastructure and Security *(for item 16.1 only)*
Duncan Keith, Head of Finance
Avril Keen, Director of Workforce *(for item 14 only)*
James Lucas, KPMG
Stephen Massetti, General Manager NRRD/Deputy Director National Operations *(for item 8.2 only)*
Maria McFeat, Deputy Director of Finance
Tom Steele, Board Chair

Apologies:
None to note.

ITEM 1   WELCOME AND APOLOGIES

Carol Sinclair welcomed everyone to the meeting. Carol advised members that she required to leave the meeting at 11:30 and that Stuart Currie would take over as Chair for the remainder of the meeting.

ITEM 2   DECLARATIONS OF INTEREST

Standing declarations of interest were noted:

- Madeline Smith in her position as Non-Executive Director, Digital Health and Care Innovation Centre.
- Irene Oldfather in her position of Director, Scotland Health and Social Care Alliance
- Carol Sinclair in her position as Trustee of Scotland's Charity Air Ambulance and Chief Officer, Public Health Scotland.
- Paul Bassett in his position as Trustee, Scotland's Charity Air Ambulance.
- Stuart Currie - Board Member of State Hospital Board.

ITEM 3   MINUTES OF PREVIOUS MEETING

The minutes of 13 October 2021 were reviewed for accuracy

Madeline Smith suggested a minor wording change be made within the last paragraph of page 10. Julie Carter advised she would provide a wording change to the Committee Secretariat to be included.

Members subsequently approved the minute as an accurate record of the meeting subject to the above wording amendment being made within page 10.

Action:
1. **Director of Finance Logistics and Strategy** to provide minor wording amendment for page 10 of minute to **Committee Secretariat** for updating.

ITEM 4   MATTERS ARISING

Committee discussed the matters arising paper and updates provided on the undernoted items:

2021-04-06 Recruitment Shared Services Programme Update
Members noted that a verbal update would be provided during the meeting and agreed a further update would be provided to the June 2022 Committee given the pause on the formal transition to the new East Region Recruitment Service due to COVID was not scheduled to resume until 1st April 2022.

2021-10-05 Risk Heatmap inclusion within Fraud Update
Members noted that the work required to complete this action still required to be undertaken. Members subsequently approved the proposed target date extension to this action of April 2022.

2021-10-06 (1) Comparisons and labelling of vulnerable persons charts
Target date extension agreed to April 2022.

2021-10-06 (2) Column to be added to SAERs report for previous year's figures
Target date extension agreed to April 2022.

Committee noted the following items as completed and approved their removal from the Audit Committee Matters Arising paper.

22021-04-05	NRRD Strategic Risk Mapping
2021-10-07.4	EU Exit Terms of Reference
2021-10-08	Pre-population of Self-Assessment Checklist
2021-10-08	Self-Assessment Checklist presented to January Audit Committee
2021-10-09	Board Assurance Framework Timeline
2021-10-09	Secondary Committee added to Risk Appendix A of Board Assurance Framework

Action:
2. **Committee Secretary** to update matters arising paper.

ITEM 5   AUDIT COMMITTEE SELF ASSESSMENT ACTION PLAN

Julie Carter presented Committee with a paper which included the completed self-assessment checklist and improvement action plan which members noted and approved. The self-assessment presented included comments and feedback received from members in advance of the Committee meeting.

Committee noted and welcomed the 3 recommendations included within the improvement action plan:
- o External Audit Fee
- o More formal meetings between the Audit Committee Chair and External Auditors
- o Development of KPIs for Internal Audit.

Madeline Smith suggested that the self-assessment process should be taken forward by all governance committees within the Service and enquired whether there would be a standard format which could be used for Staff Governance Committee and Clinical Governance Committee. Julie Carter suggested that it would be beneficial for this exercise to tie in with Committee annual reporting. Julie advised she would discuss the development or sourcing of a standard format self-assessment document further with the Board Secretary.

Tom Steele reminded members of the offer given from National Education Scotland (NES) in relation to active governance and a generic self-assessment format may be something that NES could also assist with. Julie Carter advised she would discuss this further with NES.

Action:
3. **Director of Finance Logistics and Strategy** to discuss the development and sourcing of a standard format Committee self-assessment document with National Education Scotland and the Board Secretary for the Service.

ITEM 6   BOARD ASSURANCE FRAMEWORK TIMELINE

Committee noted the timeline associated with the Board Assurance Framework development. Members welcomed the action plan and work which had been undertaken to progress the action plan during a peak of service pressures by the Governance Team and Executive Team.

Members noted the helpfulness of the document which provided clear assurance.

Committee noted the paper.

ITEM 7   **Restricted** **– RISK MANAGEMENT**

Item 7.1 & 7.2   Quarterly Update and Corporate Risk Register

Rebecca Board presented the Committee with the quarterly Risk Update and Corporate Risk Register advising that all changes since the last Committee were highlighted in red for ease.

Irene Oldfather highlighted that within page 5 of the report she noted that it stated that staff are "encouraged" to report patient safety events on Datix rather than "mandate" staff to report and reminded members that she had queried the same statement during the last Committee meeting and asked for the wording to be reviewed, however this had not been captured within the Committee action tracker from the last meeting.

Members noted that this area sits within the remit of the Clinical Governance Committee (CGC) and asked that Stuart Currie as CGC Chair ensure that assurance in relation to this area is picked up through CGC and reported back to Audit Committee and the Board.

Committee discussed the need for staff to be encouraged to report mandatory patient safety events through Datix. Frances Dodd advised that the Learning from Events Group are working on advancements in relation to cultural transformation and quality improvement within this space.

Members discussed and agreed that graphical enhancements of the representations of risk were required, along with a review of the Service's risk appetite. It was noted a discussion would be scheduled initially with the Board Chair to progress this work. It was further agreed that a meeting would be arranged by the Committee Secretariat for the Committee Chair and James Lucas of KPMG to discuss further.

Madeline Smith suggested that within page 5 of the report in relation to the number of incidents that reporting of vulnerable persons required to be split out from other reported incidents to enable trends to be highlighted. It was agreed that when planning was underway with the Board for a review of the risk appetite it may also be beneficial to feed in this work.

Julie Carter provided an update in relation to the Emergency Services Network (ESN) and advised that the full business case submitted to the Scottish Government was not signed, however had been signed off by the UK government with funding conversations currently taking place. Julie assured members that in relation to any financial risk, the Service was not currently taking any financial risk as no funding had been confirmed.

Julie Carter advised that she would provide an update on ESN to the next Committee meeting.

Carol Sinclair asked that if there was an improvement plan in place to improve RIDDOR compliance. Rebecca Board advised that she would discuss a RIDDOR improvement plan with the Head of Health and Safety and provide an update to the next Committee meeting.

Action(s):

4. **Stuart Currie** as Clinical Governance Committee Chair to ensure that assurance in relation to advancements in cultural transformation and quality improvement for the reporting of patient safety events through Datix is progressed through the Learning from Events Group (LfEG) via updates from LfEG provided to the Clinical Governance Committee and then assurance reported back to Audit Committee and the Board.

5. **Director of Finance Logistics and Strategy** to meet with the Board Chair and Audit Committee Chair to discuss graphical enhancements of the representations of risk and review of the Service's risk appetite. A further meeting to then be arranged with the Audit Committee Chair and James Lucas of KMPG to discuss further.

6. **Director of Finance Logistics and Strategy** to ensure that as part of the Board's review of Risk Appetite the data on vulnerable persons reporting was split out from other reported incidents to enable trends to be highlighted.

7. **Director Finance Logistics and Strategy** to provide the April Audit Committee with an update on Emergency Services Network (ESN).

8. **Risk Manager** to discussion RIDDOR Improvement Plan with Head of Health and Safety and provide and update to the April Audit Committee.

ITEM 8   INTERNAL AUDIT

Item 8.1   EU Exit

James Lucas presented the Internal Audit Report on EU Exit. Committee noted no findings had been highlighted through the Internal Audit fieldwork which consisted of a high-level governance review, assessment of actions to mitigate key risks associated with the EU Exit and review of ongoing arrangements to monitor supply chain risk.

Committee took assurance from the report.

Item 8.2   Major Incident

Committee were joined by Stephen Massetti, General Manager of NRRD and Deputy Director of National Operations for this item. James Lucas presented the Internal Audit Report on Major Incident. Committee noted that the review had highlighted three findings, two medium risks and one low risk. Assurance was provided to members of the plans in place to complete the management actions which had been endorsed by the Resilience Committee.

Carol Sinclair highlighted a correction which required to be made within the report. Carol advised that within the second paragraph of the Executive Summary where May 2018 is stated, it should read May 2019.

Stephen Massetti added that work was underway with detailed plans developed to progress the actions identified from the Audit with progress updates being provided as a standing agenda item to each Resilience Committee meeting.

Members took assurance for the work being undertaken to address the actions.

Action:

> 9. **James Lucas** to make amendment to Internal Audit Report on Major Incident within second paragraph of the Executive Summary where May 2018 is stated, to read May 2019.

Item 8.3   Cyber

Committee were joined by John Baker, General Manager ICT for this item. KPMG presented the Internal Audit Report on Cyber Security. Committee noted that the review had highlighted five findings, one high risk and four medium risks. Members noted that work was in progress to mitigate the risks identified which included development of a Digital Strategy which would include a Cyber strategy and Cyber training needs analysis.

Carol Sinclair highlighted that the action graded as "High" in relation to the NIS Audit had been allocated a target date of 30 June 2022, adding that the definition of a "High" action is that it required immediate action. John Baker provided assurance that regular reporting of progress to meet the action implementation target dates are be provided through the Security Governance Group.

John Baker reminded members that a fuller paper on the response to the NIS Audit would be provided later in the agenda which provided members with a fuller update on the work being undertaken along with an update on the new and robust reporting in place. Julie Carter reminded members of the improved NIS scoring in 2021 compared to 2020.

Tom Steele commented that strategy should not be confused with delivery and the importance of Cyber being referenced within the Digital Strategy along with also ensuring that the areas are kept separate. Members noted their support of the direction of travel in relation to the delivery and high level intent of the Digital Strategy.

Item 8.4   Internal Audit Status Update and Follow Up

James Lucas presented the follow-up and status report. It was noted that seventeen actions were overdue. James added that given the severe operational pressures faced by the Service conversations had taken place with the management team and progress will be made on these actions ahead of the April Audit Committee. Members thanked James for the update and acknowledged the significant pressures faced and took assurance that work was on track to complete all actions within the financial year.

Item 8.5   Verbal Update on Internal Audit Plan 2022/23

James Lucas provided a verbal update on the draft Internal Audit Plan for 2022/23 and advised that work had been undertaken to ensure that the internal Audit areas for 2022/23 aligned with the Services' Risk Register. Committee agreed that the Internal Audit Plan would be circulated virtually to Committee for comment ahead of the presentation of the final plan being presented to the April Committee for formal approval.

Carol Sinclair advised members that James Lucas had recently been appointed as Director at KMPG and congratulated James on behalf of Committee.

Action:

10. **James Lucas** to circulate the Internal Audit Plan virtually to Committee for comment ahead of presentation of the final Plan to the April Committee for formal approval.

ITEM 9   EXTERNAL AUDIT

Jo Brown from Grant Thornton presented members with an external Audit Planning overview paper. Members noted the document presented which provided an overview of the planned scope and timing of External Audit. Committee noted the initial risk assessment of significant financial statement risks set out in the document and the anticipated completion date for annual planning procedures as 7th February 2022, with the Plan then being circulated to the Audit Committee by 11 February 2022. Following a query from Tom Steele, members noted that Audit Scotland had extended the timing for concluding Audit procedures to the end of August, however most Boards within Grant Thornton's portfolio remain on target for audit procedures being concluded by the end of June.

ITEM 10   REVIEW OF STANDING FINANCIAL INSTRUCTIONS

Duncan Keith presented Committee with the Standing Financial Instructions (SFIs) and members were asked to approve the revised Standing Financial Instructions which were in line with the SFI review plan presented to the October Committee. Members approved the incorporated amendments made to the undernoted sections:

- Section 1 – Introductions
- Section 2 – Audit
- Section 3 – Financial Targets
- Section 4 – Business Planning, Budgetary Control and Monitoring

ITEM 11   INFORMATION GOVERNANCE

Katy Barclay provided her quarterly update on Information Governance, which outlined progress against audit recommendations, breaches of the Data Protection Act and progress towards the implementation of the actions from the Records Management Plan.

Madeline Smith highlighted that action PR1 had a timescale of January 2022 and suggested that this required review. Katy Barclay assured Committee that a lot of work had already been undertaken in relation to this action with the Clinical Team, however added that she would review the action and timescale and amend as appropriate.

Tom Steele asked in relation to innovation, to what extent of sharing information is an overarching risk. Katy Barclay advised that NHS data sharing relies on a lot of areas adding that it is also recommended that a data protection impact assessment is carried out. Katy highlighted the importance of data sharing and that data sharing impact assessments are key to identifying risk however added that Information Governance should not become a hindrance and data sharing required to be a smooth and streamlined process.

Frances Dodd added that work requires to the done collectively to make the data sharing process smoother. Tom Steele added that he would welcome a more detailed discussion with Katy and Frances in relation to the process. It was agreed that following the discussion with Tom Steele, Katy Barclay would provide a further update to the Audit Committee.

Action:
11. **Head of Business Intelligence** to review timescales associated for action PR1 and amend as appropriate.

12. **Director of Care Quality and Professional Development and Head of Business Intelligence** to meeting with Board Chair to discuss in more detail the process around NHS data sharing.

ITEM 12   FRAUD UPDATE

The Service's Fraud Liaison Officer, Melanie Barnes, presented her quarterly fraud update which highlighted:

- One new fraud allegation had been received since the last Audit Committee meeting, with investigations ongoing.
- Of the allegations reported to the October Audit Committee four have been closed by both the Service and Counter Fraud Services (CFS). The internal investigations of the remaining two allegations have been concluded and outcomes and recommendations being actioned. The CFS case for these two allegations remained open.

Melanie Barnes advised Committee that at the recent NHS Scotland Fraud Liaison Officers meeting with CFS, it was agreed that each Board would have a regular monthly meeting with CFS with the aim to progress cases quicker.

Madeline Smith asked for clarification as to why one case was not sitting within the framework of the paper. Melanie Barnes advised that allegations are normally provided to the Service by CFS, however the one case referred to was an internally derived issue. Carol Sinclair requested that for future reporting, that narrative be included within the paper outlining the reasons for cases sitting outwith the framework to ensure Committee understanding.

Carol Sinclair requested that a meeting be scheduled between herself, Julie Carter and Melanie Barnes in relation to the CFS Champion for the Service.

Action:
13. **Fraud Liaison Officer** to ensure that for future reporting narrative is included within the paper outlining the reasons for any cases in the paper sitting outwith the framework to ensure Committee understanding.

14. **Fraud Liaison Officer** to arrange a meeting with Director of Finance Logistics and Strategy and Audit Committee Chair to discuss CFS Champion for the Service.

ITEM 13   BEST VALUE PROGRAMME

Committee received a comprehensive update on the Best Value Programme. The paper provided a summary of the programmes for financial year 21/22, YTD savings vs target, alignment of Best Value Programme Schemes in 2021-22 to current priorities, progress project/workstreams for 2021/22 and the financial planning assumptions for the Programme within the year end forecast.

Julie Carter advised that a detailed paper on the Best Value Programme will be presented to the Board on 26 January.

Members noted the paper provided.

ITEM 14   RECRUITMENT SHARED SERVICES – VERBAL UPDATE

Avril Keen joined the meeting for this item and provided members with a verbal update on the progress of the Recruitment Shared Services Programme. Avril highlighted that the Services' recruitment team formally TUPE transferred to NHS Lothian on 1st June 2021 with the expectation that the new Shared Service would assume responsibility for all SAS recruitment activity from around middle of October 2021. However, added that the formal transition to the new East Region Recruitment Service was paused due to COVID until 1st April 2022.

Avril added that an onboarding team was put in place as a precautionary measure by the Service to ensure direct Board oversight of the recruitment and onboarding of all new staff from the Demand and Capacity investment. A key task for this team is to provide hiring capacity and capability to support operational and other front line managers.

Members noted that as part of the Shared Service Agreement fixed evaluation points were in place to ensure that benefits are being realised. Committee were advised that plans are in place for the Director of Workforce to review the agreements and evaluation points in place. Committee agreed that a further update would be provided to the June Audit Committee given the formal transition of the shared Service had been paused until April 2022.

Members thanked Avril for the updated and noted that a further update would be provided to the June Audit Committee.

Action:
15. **Director of Workforce** to provide a further update on the Recruitment Shared Services Programme to the June Audit committee following the formal transition of the shared service in April 2022.

ITEM 15   COMMITTEE WORKPLAN 2021/22

Committee reviewed and noted the workplan which is presented to each meeting for information.

ITEM 16   Restricted – RESILIENCE

Item 16.1   Network Information System (NIS) Audit/Cyber Update

John Baker, General Manager, ICT and Robert Kay, Head of ICT Infrastructure and Security joined the meeting for this item.

Members noted that there had been no significant cyber security incidents impacting the Service and no significant unplanned ICT business continuity events since the last Committee meeting. It was noted that the 2021 NIS Audit Action Plan continues to be progressed ahead of the next NIS Audit planned for April 2022.

Committee noted that work would be undertaken to learn from other organisations in relation to how they reflect cyber risk, impact and tolerances and a review internal best practice would take place and be presented to a future Board meeting to provide assurance that due consideration is being given.

Committee discussed the Cyber Risk Scoring within the Corporate Risk Register and agreed that this would be reviewed and fed into the risk register ahead of the next Board meeting.

Action:

16. **Director of Finance Logistics and Strategy** to review the Cyber Risk Scoring within the Corporate Risk Register and feed into the risk register ahead of the next Board meeting.

Item 16.2   Resilience Committee Update

Committee noted the minutes of the Resilience Committee held on 05 October 2021 which were presented for information. It was noted that the Resilience Committee meeting on 30 November 2021 received updates on:

- o COP26
- o Cyber/Business Continuity
- o Winter Planning
- o Volunteer and First Responder Strategy

Committee discussed the planning, delivery and learning from COP26 and members expressed their gratitude to colleagues for the incredible efforts made by all staff involved in the planning and delivery of the event whilst continuing to work under extreme operations pressures.

ITEM 17   ANY OTHER BUSINESS

None to note.

Stuart Currie closed the meeting and thanked everyone for their attendance and expressed his thanks to colleagues for the excellent work presented to today's Committee.

Date of next Meeting - 10:00, 20 April 202.